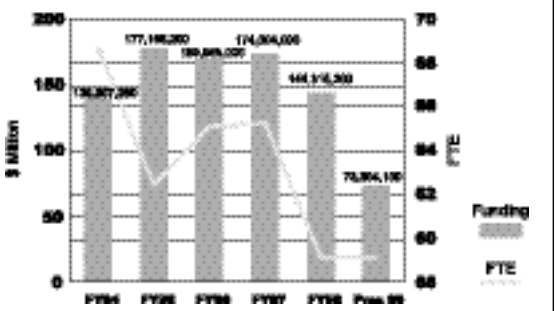
# APPENDIX 5
# U.S. ENVIRONMENTAL PROTECTION AGENCY RESOURCE COMMITMENTS AND CONSTRAINTS

In both the United States and Mexico, funding at the federal level for implementation of border initiatives is provided through annual appropriations. For the United States, funding for the U.S. Environmental Protection Agency (EPA)[1] is an important component of the overall budget for border activities, although many other agencies, including the U.S. Departments of the Interior, Health and Human Services, and State, also have border-related appropriations. The states also budget for border-related activities, as do many tribes and municipalities, although, in many such cases, the origin of resources is a federal agency (as is the case for EPA grants for infrastructure revolving funds operated by the states for water-related projects).

The *1996 U.S.-Mexico Border XXI Program: Framework Document (Framework Document)* provided quantitative information about EPA budgets for border needs for the period 1995 to 1997. In this appendix, figures are provided for the period 1994 to 2000 to provide a longer perspective.

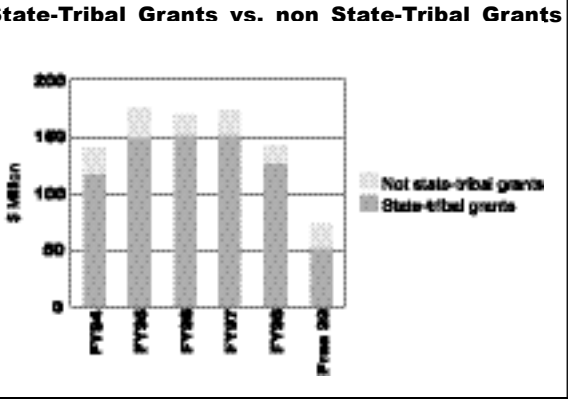
The *Framework Document* also addressed other areas, including funding for the North American Development Bank (NADB) and EPA's water infrastructure funding. Developments in those areas are also included in this appendix.




FY = Fiscal year
FTE = Full-time Equivalent

*Figure 1*

**OVERALL TREND** The trend over the period 1994 to 2000 has been toward smaller total appropriations for border funding, represented by the 1995 high of more than $175 million and the 1999 low of some $73 million—a difference of more than $100 million. The full-time-equivalent, or FTE, allocated for EPA border staff has also been on a downward trend, although the level of FTE does not track closely with funding levels. Figure 1 shows those trends.




FY = Fiscal year

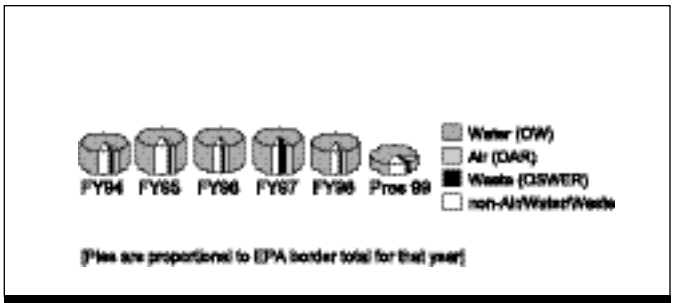
*Figure 2*

**STATE AND TRIBAL GRANTS** The bulk of EPA border funding during the period 1994 to 2000 was for state and tribal assistance grants, largely for construction of infrastructure projects in the United States and Mexico. Those funds are administered cooperatively with the states and tribes and, since 1997, through the Border Environment Cooperation Commission (BECC) and NADB for water-related funds (see Figure 2 for a comparision of state and tribal grants with non-state and tribal grants). EPA has provided $20 million in grants to the BECC for technical assistance to projects seeking certification. The agency partners with NADB to administer $211 million in funds for the construction of BECC-certified projects. While the sums are considerable, so is the need: municipal infrastructure is among the most costly investments any government makes, and construction is the principal front-end cost. EPA grant funds have been invested in more than a dozen infrastructure projects in the United States and Mexico, such as the first-ever wastewater plants in Ciudad Juárez, scheduled for completion in 2000. The total population served by projects built or under construction through the BECC and NADB is more than 7 million.

It is worthwhile to note that there is very limited discretion on EPA's part in the administration of the funds once they

[1] All figures in this appendix are drawn from official EPA and congressional sources, with the exception of the figures in Figure 5, which are taken from the *U.S.-Mexico Border Ten-Year Outlook: Environmental Infrastructure Funding Projections*, 1999, North American Development Bank.

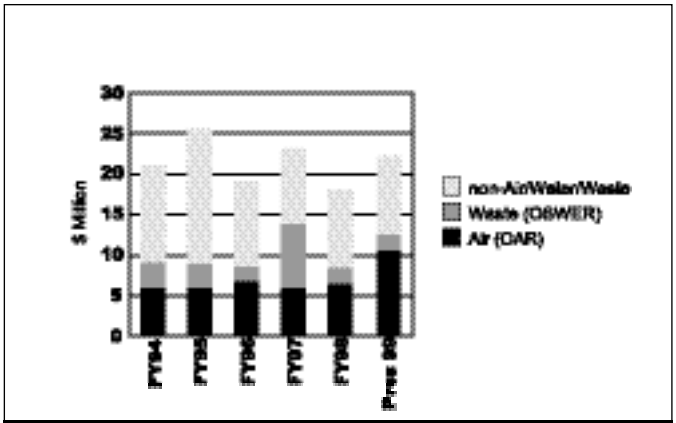
have been appropriated. For example, the $50 million (1999) for water construction could be used only for designing and building drinking-water and wastewater projects. Once those projects have been completed, the funds cannot be used to operate and maintain the water projects themselves.




FY = Fiscal year
OW = Office of Water
OAR = Office of Air and Radiation

*Figure 3*

**FUNCTIONAL AREAS** Although the bulk of funding for the border is for water infrastructure grants, EPA carries out activities in other areas (see Figure 3). After water activities, air- and waste-related activities receive the most funding. All other areas are combined in Figure 4. Clearly, water funding predominates; there appears to be a downward trend over the period 1994 to 2000, as well. Much of the non-water-related funding is also in the form of state and tribal assistance grants; typically, the administration of funding is carried out by governments (or organizations, in the case of the BECC and NADB) other than the federal government. These resources, again, are not fungible; that is, they are designated appropriations for a specific purpose, often a media-specific purpose, and cannot be substituted or transferred for use elsewhere. When the non-water areas are considered separately from water-related projects, the trend is still somewhat erratic, with the overall total ranging from $20 to $25 million, and with individual components varying from year to year.

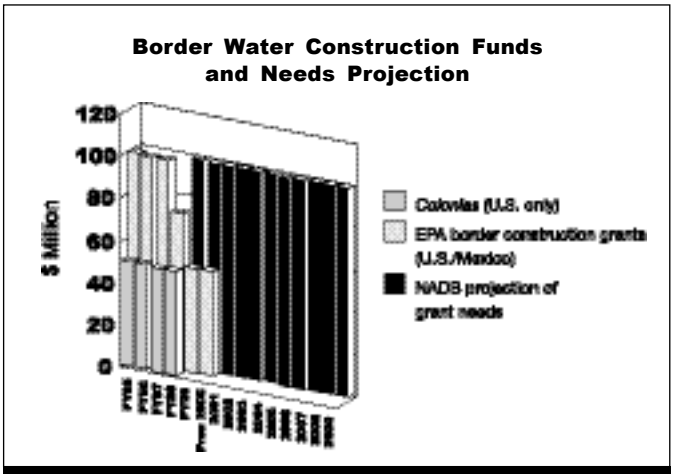



FY = Fiscal year
OAR = Office of Air and Radiation
OSWER = Office of Solid Waste and Emergency Response

*Figure 4*

**WATER FUNDING** While water funding has been described above, the funds' large proportion of EPA resources merit mention of two additional points. First, water grants are used to leverage, or generate, additional funds from other sources—either other grants or private capital, or some combination of the two.

Second, the need to address existing and projected demand for basic infrastructure is immense. In 1999, NADB prepared a 10-year forecast of needs, largely for its core water-related functional areas. Figure 5 contrasts the downward trend in grant funds with the steady demand forecast by the NADB study.




FY = Fiscal year
NADB = North American Development Bank

*Figure 5*

The projected demand described above with regard to infrastructure is to some degree representative of other growing needs of the border and its communities, which face serious demand for services and programs besides infrastructure works. While EPA's resources are considerable, the population is large and growing. Conservative estimates indicate that the border population will double over the next 20 years. Governments, the private sector, and other organizations continue to face a challenge in bringing adequate resources to bear to address border concerns.